

Message Text

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FM SECSTATE WASHDC

TO USMISSION USUN NEW YORK PRIORITY

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FOR HIRSCH

FOLLOWING REPEAT TEL AVIV ACTION SECSTATE INFO AMMAN CAIRO DAMASRUS
LONDON JERUSALEM MAY 10.

QUOTE LIMITED OFFICIAL USE TEL AVIV 3306

LONDON FOR AMBASSADOR LEWIS

E.O. 11652: N/A

TAGS: PINT, IS

SUBJECT: CAMPAIGN DEVELOPMENTS: ASHER YADLIN TO GIVE NEW TESTIMONY;
EBAN UNDER CLOUD; HERUT FUND UNDER INVESTIGATION

1. FORMER LABOR PARTY LEADER ASHER YADLIN, SENTENCED
IN FEBRUARY TO FIVE YEARS FOR FRAUD AND RECEIVING
BRIBES (TEL AVIV 1255), IS EXPECTED TO GIVE TESTIMONY
MAY 11 IN THE POLICE INVESTIGATION OF THE MORDECHAI
ELISON CASE. ELISON, FORMER DIRECTOR-GENERAL OF A
SUBSIDIARY OF SOLEL BONEH, THE HISTADRUT CONTRACTING
COMPANY, IS ACCUSED OF GIVING YADLIN'S SISTER A
IL 30,000 BRIBE TO DIRECT HER BROTHER'S BUSINESS TO
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ELISON'S FIRM. LABOR LEADERS FEAR THAT YADLIN'S
TESTIMONY WILL COVER (AND UNCOVER) A WIDE RANGE OF
TRANSACTIONS CONNECTED WITH LABOR PARTY FINANCING
AND POSSIBLY REACHING HIGHEST LEVELS IN PARTY.

2. ANOTHER EMBARRASSMENT TO THE ALIGNMENT, ABBA
EBAN'S QUESTIONABLE BANK ACCOUNTS, CONTINUES TO

SIMMER WITH NO RESOLUTION EXPECTED BEFORE ELECTION DAY. TREASURY OFFICIALS ARE CONTINUING THEIR INVESTIGATION INTO TRANSACTIONS WHICH MAY HAVE EXCEEDED THE TERMS OF A PERMIT EBAN CLAIMS HE HAD, BUT HAS STILL FAILED TO PRODUCE. HOWEVER, EBAN CAN DERIVE SOME ENCOURAGEMENT FROM A PORI POLL PUBLISHED LAST WEEK (NO DATE GIVEN FOR THE SURVEY) WHICH PUT HIM IN FIRST PLACE AS THE RESPONDENTS' CHOICE FOR FOREIGN MINISTER; HE RECEIVED 37.9 PERCENT OF THE VOTE, WHILE RUNNER-UP YIGAL ALLON DREW 16 PERCENT. (COMMENT: EBAN CONTINUES TO CAMPAIGN FOR THE ALIGNMENT BUT THE INVESTIGATION JEOPARDIZES HIS HOLD ON A FUTURE CABINET POST; A COURT CASE COULD KILL IT.)

3. MEANWHILE, THE ALIGNMENT'S MAIN OPPOSITION IS ALSO RECEIVING ITS SHARE OF BAD PUBLICITY. HERUT'S TEL HAI FUND, THE MAIN INSTRUMENT FOR FINANCING THE PARTY'S ACTIVITIES, IS BEING SUED FOR ALLEGEDLY ATTEMPTING TO PAY A CREDITOR IN DOLLAR CHECKS DRAWN ON THE UTO BANK OF ZURICH. THE SUIT CLAIMS THE CHECKS HAD NO COVER. THE TREASURY HAS BEGUN AN INVESTIGATION INTO THE MATTER FOR POSSIBLE FOREIGN CURRENCY VIOLATIONS BY HERUT. DUNNIGAN UNQUOTE CHRISTOPHER

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Message Attributes

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Disposition Approved on Date:
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